

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – C
DATE: December 11-12, 2019

SUBJECT

FY21 Governor’s Recommended Budget

CONTROLLING STATUTE, RULE, OR POLICY

[SDCL 4-7-7](#) – Annual Budget Estimates Submitted by Budget Units

[SDCL 4-7-9](#) – Preparation and submission of budget report to Legislature

BACKGROUND/DISCUSSION

On the first Tuesday of December every year, the Governor presents her recommended budget for the next fiscal year to the State Legislature and the public. Governor Noem gave her FY21 budget address on Tuesday, December 3, 2019 at 1:00 pm. Revenues are slightly lower than anticipated for FY20, resulting in a \$5.9 million reduction in the FY20 revenue projection. The FY21 ongoing revenues are expected to grow by \$22.7 million, \$27.1 million lower than FY20. This is a result of the revenue loss from the Internet Tax Freedom Forever Act.

No salary policy or inflationary increases have been proposed by the Governor for FY21. She is also proposing no change to employee health insurance costs, while proposing enhancements to certain leave benefits.

IMPACT AND RECOMMENDATIONS

Base General Funding

The Governor is proposing a base general fund increase of \$516,625 for the Board of Regents. The proposed increase in base general funding is for system utilities of \$539,184, which is offset by reductions to the SD Opportunity Scholarship and general fund lease payments totaling (\$22,559). Further details are found in Attachment I.

One-Time Funding

The Governor has proposed \$5,000,000 for the USD Health Sciences Building and \$396,073 for the DSU Cyber Cync Incubator, resulting in one-time funding of \$5,396,073 for the Regental system.

(Continued)

INFORMATIONAL ITEM

FY21 Governor's Recommended Budget

December 11-12, 2019

Page 2 of 2

Proposed FY20 General Bill Amendment

The Governor's budget recommendation also includes an amendment to the FY20 General Bill, increasing utility funding by \$91,243. This increase is based on FY19 actual Energy Cap expenditure data reported by the campuses.

ATTACHMENTS

Attachment I – FY21 Budget Request Summary - Governor's Recommended

South Dakota Board of Regents				
FY21 Board of Regents Request and Governor's Recommended				
	Base General Fund	FTE	Base General Fund	FTE
FY20 Base General Fund Budget	\$224,222,581	5,236.2	\$224,222,581	5,236.2
Priorities	Requested		Recommended	
The Dakota's Promise Scholarship	\$1,536,000	0.0	\$0	0.0
General Fund M&R	\$5,892,054	0.0	\$0	0.0
BHSU - Native American Student Success	\$249,872	2.8	\$0	0.0
NSU - American Indian Circle Program	\$154,577	2.0	\$0	0.0
South Dakota Opportunity Scholarship	\$100,000	0.0	(\$17,000)	0.0
Base Budget Maintenance				
Post-Secondary Scholarship	TBD	0.0	TBD	0.0
Utilities	\$573,500	0.0	\$539,184	0.0
Lease Adjustment	(\$5,559)	0.0	(\$5,559)	0.0
FY20 Requested and Recommended	\$8,500,444	4.8	\$516,625	0.0
FY20 Total Base Funding Recommended	\$232,723,025	5,241.0	\$224,739,206	5,236.2
Increase without Salary Policy	3.7%	0.1%	0.2%	0.0%
One-Time General Fund Requests				
SDSU - Rural Veterinary Medical Education	\$275,000	0.0	\$0	0.0
DSU - Cyber Cync Incubator and Entrepreneurial Center (CCIEC)	\$396,073	1.0	\$396,073	0.0
USD - Health Sciences Building	\$10,000,000	0.0	\$5,000,000	0.0
SDSM&T - Ascent Innovation Building Remodel	\$2,000,000	0.0	\$0	0.0
Tuition Fund Authority Requests				
Authority Changes	\$500,000	0.0	\$500,000	0.0
Federal and Other Fund Authority Requests				
Authority Changes	\$3,803,265	0.0	\$3,803,265	0.0
FY20 Informational Federal and Other Fund Authority Requests				
Authority Changes	\$0	0.0	\$0	0.0